



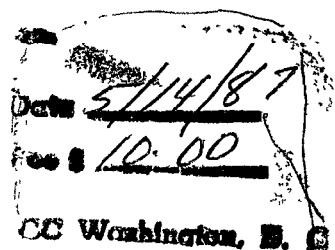
NRUC
CORPORATION

100 NORTH TWENTIETH STREET
SECOND FLOOR
PHILADELPHIA, PA 19103
215 • 569 • 2220

RECORDATION NO. 1 5227
Filed & Recorded

MAY 14 1987 11:45 AM

INTERSTATE COMMERCE COMMISSION



May 11, 1987 CC Washington, D.C.

Ms. Noreta McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Dear Ms. McGee:

Enclosed for recordation is one copy and one original of a Management Agreement between:

Lease Financing Corporation - Owner
Three Radnor Corporate Center
Suite 400
Radnor, Pa. 19087

NRUC Corporation - Transportation Division-Manager
100 North 20th Street
Phila., Pa. 19103

This agreement permits NRUC to act on behalf of the Owner in matters relating to the Owner's equipment. Thank you.

Sincerely,

Charles C. Craft
Charles C. Craft
Vice President - Marketing

CCC/pm
Enclosure

Interstate Commerce Commission
Washington, D.C. 20423

5/14/87

OFFICE OF THE SECRETARY

Charles C. Graft
Vice President-Marketing
NRUC Corporation
100 N. 20th St. 2nd.
Phila. PA. 19103

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/14/87 at 11:45am , and assigned re-recording number(s). 15227,15228 & 15229

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

1-5227

RECORDATION NO.

Filed & Recorded

MANAGEMENT AGREEMENT MAY 14 1987 11:45 AM

NRUC CONTRACT # 786

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, dated as of JUNE 30, 1986, between NRUC CORPORATION (NRUC) and LEASE FINANCING CORPORATION, (OWNER).

WITNESSETH:

WHEREAS, the Owner owns ONE (1) 70 TON, 50' BOXCAR, which
described equipment appears in Exhibit A hereto (the
Equipment). The said 70 ton boxcar shall herein referred to as a "Unit"; and
WHEREAS, the Owner desires to retain the services of NRUC, as
agent for the Unit in the pursuit of its general business and
WHEREAS, NRUC is willing to accept such appointment as manager to
manage the Equipment for the account of the Owner during the term of this
Agreement; and

THE INTERPARTIES AGREE AS FOLLOWS: IN WITNESS WHEREOF,
WHEREAS, this Agreement has been signed in two copies as follows:
In the name of Manager; Acceptance. Subject to the terms and
conditions of this Agreement, the Owner hereby appoints NRUC as manager of
the Equipment for the purposes herein stated and NRUC hereby accepts such
appointment. NRUC hereby agrees that in the performance of its duties as
agent hereunder it shall be bound by the terms and conditions of any applicable
furnishing rules and that its rights hereunder will be subject to any
published rules which NRUC, on behalf of the owner, shall arrange for use at
the Equipment's place of storage, however, subject to clause 10 and supplemental to

the right of any Lender under such financing document.

2. Term. This Agreement shall remain in force until it shall have been terminated as to all of the Units of Equipment. The term of this Agreement with respect to each Unit shall commence on JULY 1, 1986 and shall continue until JUNE 30, 1991 unless sooner terminated as hereafter provided.

3. Ownership. The parties agree that the Owner shall at all times be and remain the owner of the Equipment, and that nothing in this Agreement is in any way intended to grant any ownership interest or property to the Equipment to NRUC or to any individual whose markings appear on the Equipment. Further, NRUC will not directly or indirectly create or suffer to exist any package, public, legal, or other encumbrance, or other legally imperious claim to the right to the Equipment in favor of persons claiming through or against NRUC, or arising out of a breach of NRUC of the obligations hereunder. NRUC will promptly, at its expense, take such action as may be necessary to duly discharge all such mortgages, pledges, liens, charges, and other encumbrances, and to remove the same from the property of Owner and will bear the cost thereof. Owner shall pay all reasonable attorneys and expenses incurred out of any such proceeding.

4. Management Duties. The management functions to be performed by NRUC hereunder shall include those specifically set forth in this Section 4 and such other duties and responsibilities as shall be agreed upon from time to time by the parties hereto.

A. NRUC shall manage and arrange for the utilization of the units of NRUC's complete equipment and shall perform all necessary administrative acts to ensure the proper utilization of said units and the

B. NRUC shall make available for the Units the markings of

a railroad controlled by NRUC or with which NRUC has entered an agreement
for the use of the Equipment. NRUC agrees that the Units shall at all times
have affixed thereto the markings required by the any applicable financing
documents relating to the units and shall be lettered with such railroad
markings and the name and/or other insignia used by such railroad. Such
name or insignia shall comply with all applicable regulations. The NRUC
loco-type insignia may be affixed to each side of the units in standard size

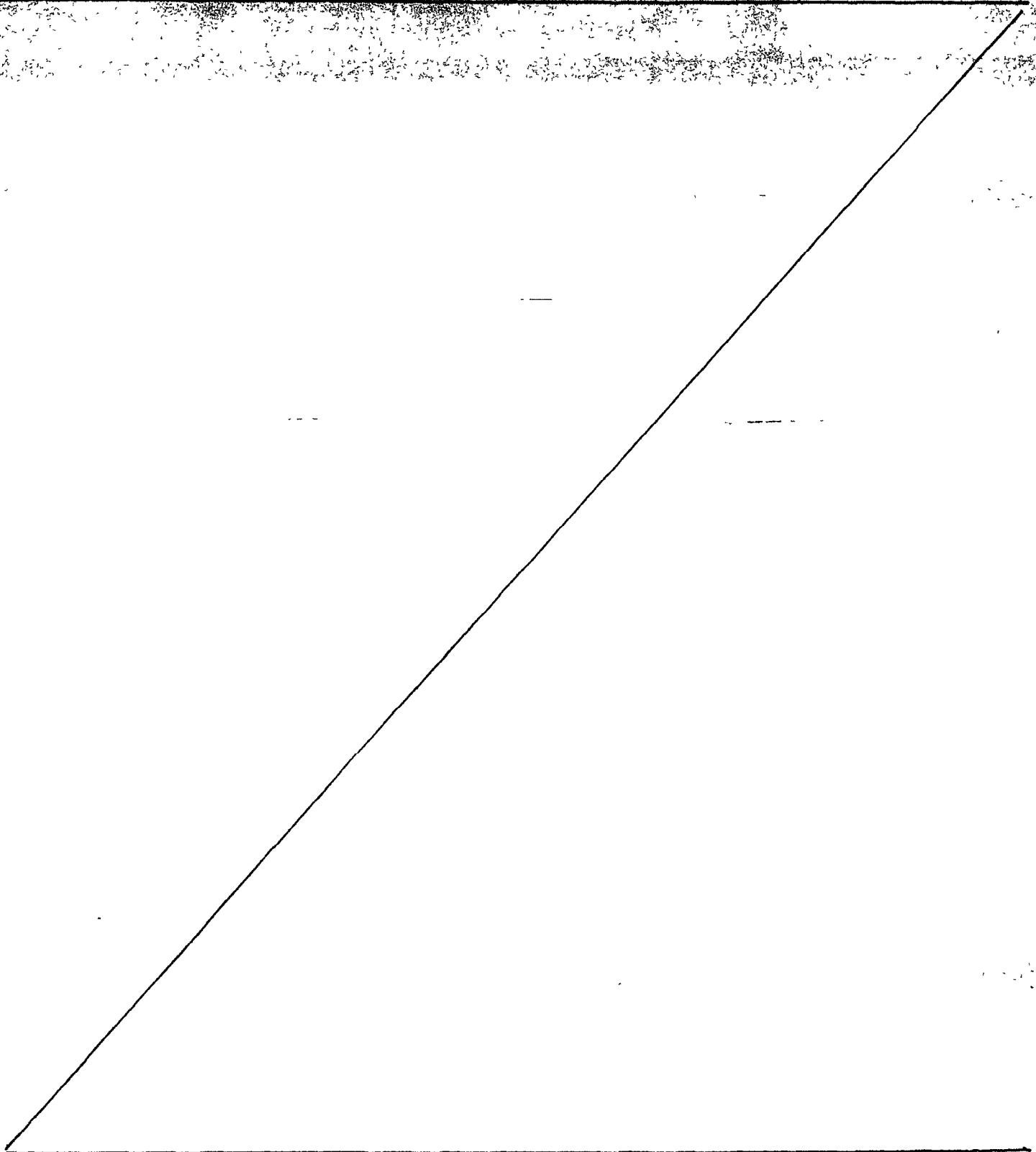
C. NRUC shall prepare all documents for filing relating to

the registration, maintenance and record keeping functions for the units in
accordance with Association of American Railroad (AAR) interexchange agreements.
Such papers shall include and shall not be limited to, the preparation of
the following documents: (i) appropriate AAR interexchange agreement with
respect to the Units; (ii) registration when required for each unit in the
Official Railway Equipment Register and the Universal Machine Language
carriage register and (iii) such reports as may be required.

D. In case of the Interstate Commerce Commission (ICC) and/or
regulatory agencies with respect to the Units, any claim referred
by NRUC or all records of payment and should all correspondence received
by NRUC shall be separately recorded and delivered by NRUC to a full
suitable for reasonable inspection by the Owner or Owner's agents from time to
time during regular business hours of NRUC. NRUC shall supply the Owner and
any lessee with such reports regarding the use of the Units as the Owner and
lessee may reasonably request.

E. NRUC shall perform all car accounting services for the
Units and send reports to the Owner on a quarterly basis concerning all

~~EMPLOYEES BY UNIT NUMBER~~



E. NRUC shall maintain the Equipment in good condition. Such inspections, maintenance and repairs to the Equipment, including replacement of parts, as may be required to maintain the Equipment in good operating condition (ordinary wear and tear excepted) and in compliance with all applicable rules and regulations of government and industry authorities relating to the qualification of the Equipment for the use in the Railroad Interchange System throughout the term of this Agreement. All expenses of maintenance and repairs shall be paid directly by the Owner (but NRUC shall have the right to pay such expenses on behalf of the Owner and to deduct such amounts from the Owner's Gross Revenues). NRUC agrees that it shall reasonably pursue all claims against third parties for damage to the Equipment or injury of any at the expense of the Owner. The Owner agrees that, with regard to any claim or suit against any third party relative to the physical condition of any Unit, the Owner shall be the sole reasonably entitled to pursue same and recover from such third party, besides such claim or suit to NRUC. Unless otherwise obligated to bear the cost or expense for which recovery is sought, such recovery shall be for the benefit of the Owner. NRUC may deduct from the Owner's expense reasonable costs to be incurred by the Owner in pursuing such a claim or suit. NRUC waives all arbitration rights of the Owner in connection with any dispute arising between NRUC and the Owner.

In the event that repair work is required on any railcar placed into a repair shop operated by NRUC or any repair shop designated by NRUC, estimate of charges for OWNER. OWNER understands and agrees that safety repairs performed by other railroads in accordance with AAR rules and requirements are exempt from this provision, in the event that NRUC does not approve such repairs with respect to a unit,

Owner may, upon notice to NRUC, terminate this Agreement with respect to such Unit.

E. NRUC shall make or cause to be made, in either case at the expense of the Owner, all alterations or modifications to the Equipment required by government or industry regulations; provided, however, if the direct costs of such alterations or modifications shall exceed \$500 per Unit (computed cumulatively from the date of this Agreement), then NRUC shall first give the Owner prior written notice of the proposed alterations and modifications and an estimate of the cost thereof, and NRUC shall not thereafter make or cause such modifications to be made if the Owner advises NRUC in writing within fifteen days after receipt of such notice that Owner does not desire to have such alterations or modifications made. In the event Owner elects not to proceed with such required alterations or modifications, NRUC may place the remaining time of Agreement as to the so-called "original" agreed upon alterations or modifications. Upon five days prior written notice to Owner,

F. NRUC shall use its best efforts to the end that on routes will be used predominantly railroads which are in the class of railroad equipment selected if the original 2 years' lease period is exceeded by successive 2 year periods, the railroads and railroads which are in the

G. Receipt and Disbursement of Revenue.

H. NRUC shall collect on behalf of the Owner all mileage charges and car hire revenues paid by railroads with respect to the use of the Equipment. Such collected mileage charges and car hire revenues are referred to herein as the "Gross Revenues". From the Gross Revenues, NRUC shall pay all expenses which shall be deemed to be paid with respect to the operation of the Owner's Equipment, including, but not limited to payment of depreciation, charter maintenance, registering expenses, insurance premiums,

~~and all other sales taxes when applicable, storage charges, weight fees, loadout fees together with management fees provided in Section 7 of this agreement. The balance of the Owner's Gross Revenue for each calendar quarter after payment of such expenses and management fees relating to such calendar quarter is referred to herein as "Owner's Quarterly Net Revenues".~~

B. NRUC shall distribute Owner's Quarterly Net Revenues on a quarterly basis. Such disbursement shall be to an account of the Owner and shall be accompanied by a report to Owner in sufficient detail to permit calculation of the management fee and any other sum deducted by NRUC at that time. Owner's Quarterly Net Revenues collected during a calendar quarter shall be distributed no later than the 15th day of the first month of the following quarter.

Accruements will be made on a quarterly basis. Such accruements will include but not be limited to Owner's revenue, NRUC's management fee and operating cost associated with Owner's equipment.

C. Conflicts of Interest. Owner agrees that NRUC is managing Owner's Equipment for the sole purpose of the benefit of persons associated with the railroads and will not conflict between the management of Owner's Equipment and other eligible owned controlled or managed by NRUC. It is further agreed that the Owner's Equipment will earn revenues equal to those of other railcar equipment owned, controlled or managed by NRUC. NRUC agrees to use reasonable efforts to integrate the Owner's Equipment into the fleet of railcar equipment managed by NRUC and to manage the Owner's Equipment in a manner consistent with the management by NRUC of railroad equipment for all other persons in an effort to provide the same rate of utilization for the Owner's Equipment that it achieves for all other boxes which are rented and agrees not to discriminate against Owner

in the management and placement of the Units. NRUC shall have no liability under this Section 8 except for fraud, bad faith or gross mismanagement.

7. Management Fees. In consideration of the management services performed by NRUC, the Owner agrees to pay NRUC a management fee of \$.50 per day per unit or 17.5% of Gross Revenues collected, whichever amount is greater. Management Fees shall be deducted from Gross Revenues and shall be payable to NRUC prior to distribution of Owner's Quarterly Net Revenues pursuant to Section 5.B above. If, in any given calendar quarter, Gross Revenues are insufficient to pay in full all of the expenses payable pursuant to paragraph 5.B. hereof, the amount owing NRUC under this paragraph 7. shall be accrued and shall be payable from Gross Revenues for future calendar quarters after payment of expenses payable pursuant to paragraph 5.B. with respect to such calendar quarter.

8. INSURANCE. NRUC will cause to be acquired and maintained public liability insurance in an amount not less than \$3,000,000.

9. Compliance with Applicable Laws, Rules and Regulations. Notwithstanding to the extent it has physical possession of and can control the Unit or the Units, the Units will at all times be held in proper repair in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful rules, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of the Units, except that either the Owner or NRUC may in good faith and by appropriate proceedings contest the application of any such rule, regulation, or order in any reasonable manner at the expense of the contesting party.

10. Indemnification. Owner and NRUC jointly and severally acknowledge, agree and covenant that NRUC is entering into this Agreement

A. The Owner agrees that he shall not attempt to enter into contracts or commitments in the name, or on behalf of, NRUC or to bind NRUC in any manner or respect whatsoever except insofar as may be consistent with NRUC's status as manager under this Agreement. Further, the Owner agrees to indemnify and hold NRUC harmless from any and all claims, demands, causes of action (at law or equity), costs, damages, reasonable attorneys' fees, expenses and judgments which may hereafter be asserted against or sustained by NRUC by reason of a claim of a third party against NRUC based on or relating to the Equipment or arising out of operation or use thereof or the Owner's title thereto, except a claim which gives rise to NRUC's obligation to indemnify the Owner hereunder.

B. NRUC agrees that it shall not attempt to enter into contracts or commitments in the name of or behalf of the Owner, or to give the Owner in any manner to respect whatsoever cause of action, or may be consistent with NRUC's status as manager under this Agreement. NRUC agrees to indemnify and hold harmless the Owner, from and against any and all claims, demands, causes of action, costs, damages, reasonable attorneys' fees, expenses and judgments which may hereafter be asserted against NRUC by reason of a claim of a third party against NRUC based on or relating to the Equipment or arising out of operation or use thereof or the Owner's title thereto, except a claim which gives rise to NRUC's obligation to indemnify the Owner hereunder.

12. Events of Default.

The occurrence of any of the following events shall be Events of Default hereunder:

(i) The nonpayment by either party of any sum required hereunder to be paid by the other party within 10 days after notice thereof;

(ii) The default by either party under any other material term, covenant or condition of this Agreement which is not cured within 10 days after notice thereof from such party.

13. Remedies Upon Default.

A. Upon the occurrence of any Event of Default by one party to this Agreement, the other party may terminate this Agreement and proceed by appropriate court action to enforce performance by the other party of this Agreement and to recover direct financial damages resulting from a breach thereof and such defaulting party shall bear all winter warranty costs and expenses, including reasonable attorney's fees, to terminate the Agreement.

B. In the event of default by NRU, the Owner may by notice to workers at NRU, terminate the right of possession of NRU of the Units, and if necessary the Owner may at its option enter upon any premises where the Units are located & a legal organization of the Owner and designated others shall cause and perform all acts therefrom as it deems necessary.

C. In the event of default by the Owner, NRU, by and as is provided in the Owner, may terminate its obligations hereunder.

14. Termination.

A. At the expiration or termination of this Agreement as to any Units, NRU will surrender possession of such Units to the Owner by delivery of the same to such location as the Owner shall specifically designate. The assembling, delivery, storage and transportation of the Units shall, in at the expense of the Owner, unless such termination results in true

13. Owner may terminate this Agreement upon written notice to NRUC in the event that Gross Revenues during six (6) calendar quarters are insufficient to satisfy the expenses due under paragraph 5.A. hereof relating to such quarter.

NRUC, at the expense of the Owner shall arrange for storage of the Units for such period of time as shall be required by the Owner or the Lender.

14. Warranties and Covenants. NRUC represents, warrants and covenants that:

- A. NRUC is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina and has the corporate power and authority and is duly qualified and authorized to do business wherever necessary to carry out the purposes named in this Agreement and to own or hold its properties and to perform its obligations under this Agreement.

- B. The enforcement, and performance of this Agreement will not violate any judgment, order, law or regulation applicable to NRUC, or result in any breach of or constitute a default under or result in the creation of any lien, charge, security interest or other encumbrance upon the assets of NRUC or on the land, equipment or other property held by NRUC, except by which it is lawfully held or created.

- C. NRUC is not a party to any agreement or understanding, or subject to any charter or other corporate restriction which, so far as NRUC can now reasonably foresee, will adversely affect the ability of NRUC to perform its obligations under this Agreement.

15. Miscellaneous. a. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns. This Agreement may not be amended by NRUC except with the prior written consent by Owner and may not be modified by

and to any person, other than a vendor, except with the prior written consent of the Owner.

B. Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail registered or certified, postage prepaid, addressed to:

OWNER at:

LEASE FINANCING CORPORATION
THREE RADNOR CORPORATE CENTER
SUITE 400
RADNOR, PA. 19087

NRUC at:

100 North Twentieth Street
Suite 200
Philadelphia, Pennsylvania 19103

All such stated addresses at such occasion may from time to time change by such notice so writing to the other.

C. NRUC shall take all action requested by the Owner to confirm and verify, if the Owner so desires, that

the units are in good condition when delivered.

D. During the continuance of this Agreement, the Owner shall have the right at his own cost and expense, to inspect the units at any reasonable time or times whenever the units may be subject to the Owner or NRUC obtaining prior approval from any railroad, repair shop or storage location not owned or controlled by NRUC.

E. No failure or delay by either party shall constitute a waiver in either case of full or partial any right, power or remedy available to such party nor shall it be deemed or acknowledged by either party or any person claiming on behalf of any right, power or remedy precludes any

or remedy.

F. This Agreement shall be governed by and construed according to the laws of the State of South Carolina.

IN WITNESS WHEREOF, the parties herein have executed this Agreement as of the date above written.

FOR: NRUC CORPORATION

FOR: LEASE FINANCING CORPORATION

By: *Robert L. Shiner Jr.*

ROBERT L. SHINER, JR.

Title: VICE PRESIDENT

STEN: *Barbara Pascoeur*
BARBARA PASCOEUR

Title: ASSISTANT SECRETARY

By: *D. M. J.*

Name: RICHARD E. CARUSO

Title: Senior Vice President

ATTEST: *Nancy L. Jillson*
Nancy L. Jillson

Title:

Title: Assistant Secretary

NOTARIES

STATE OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

On this 30th day of June, 1986, before me personally appeared ROBERT L. SHINER, JR., to me personally known, who, being by me duly sworn, says that he is a Vice President of NRUC CORPORATION - TRANSPORTATION DIVISION; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and such officers acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Barbara Ann Rastetter
Notary Public

My Commission Expires

BARBARA ANN RASTETTER
Notary Public, Phila, Phila Co
My Commission Expires April 14, 1990

STATE OF PENNSYLVANIA

COUNTY OF DELAWARE

On this 30th day of June, 1986, before me personally known, who, being by me duly sworn, signed the foregoing instrument was signed by him and he acknowledged that the object of the foregoing instrument was his free act and deed.

Nancy L. Speaker
Notary Public

My Commission Expires

NANCY L. SPEAKER, Notary Public
Radnor Twp, Delaware Co
My Commission Expires April 14, 1997

EXH-BIT "A"

LEASE FINANCING CORPORATION

NRUG CONTRACT NUMBER

796

NUMBER OF CARS

1

CURRENT
RAILROAD
MARKINGS

MISS

CURRENT
CAR
NUMBER

205137

ORIGINAL RAILROAD
MARKING AND
SERIAL NUMBER

PI 205137